

range engineering plan and both documents must be consistent with the borrower's RUS-approved power requirements study.

(e) Applications for a loan or loan guarantee from RUS (new loans or budget reclassifications) must be supported by a current CWP approved by both the borrower's board of directors and RUS. RUS approval of these plans relates only to the facilities, equipment, and other purposes to be financed by RUS, and means that the plans provide an adequate basis from a planning and engineering standpoint to support RUS financing. RUS approval of the plans does not mean that RUS approves of the facilities, equipment, or other purposes for which the borrower is not seeking RUS financing. If RUS disagrees with a borrower's estimate of the cost of one or more facilities for which RUS financing is sought, RUS may adjust the estimate after consulting with the borrower and explaining the reasons for the adjustment.

(f) Except as provided in paragraph (g) of this section, to be eligible for RUS financing, the facilities, including equipment and other items, included in a CWP must be approved by RUS before the start of construction. This requirement also applies to any amendments to a CWP required to add facilities to a CWP or to make significant physical changes in the facilities already included in a CWP. Provision for funding of "minor projects" under an RUS loan guarantee is permitted on the same basis as that discussed for insured loan funds in 7 CFR part 1721, Post-Loan Policies and Procedures for Insured Electric Loans.

(g) In the case of damage caused by storms and other natural catastrophes, a borrower may proceed with emergency repair work before a CWP or CWP amendment is prepared by the borrower and approved by RUS, without losing eligibility for RUS financing of the repairs. The borrower must notify the RUS regional office in writing, not later than 45 days after the natural catastrophe, of its preliminary estimates of damages and repair costs. Not later than 120 days after the natural catastrophe, the borrower must

submit to RUS for approval, a CWP or CWP amendment detailing the repairs.

(h) A CWP may be amended or augmented when the borrower can demonstrate the need for the changes.

(i) A borrower's CWP or special engineering studies must be supported by a Borrower's Environmental Report, and when necessary by an Environmental Analysis or Environmental Impact Statement, as set forth in 7 CFR 1794 or required by other Federal or state regulations or laws.

(j) All engineering activities required by this subpart must be performed by qualified engineers, who may be staff employees of the borrower or outside consultants.

(k) Upon written request from a borrower, RUS may waive in writing certain requirements with respect to long-range engineering plans and CWPs if RUS determines that such requirements impose a substantial burden on the borrower and that waiving the requirements will not significantly affect the accomplishment of the objectives of this subpart. For example, if a borrower's load is forecast to remain constant or decline during the planning period, RUS may waive those portions of the plans that relate to load growth.

[57 FR 1053, Jan. 9, 1992; 57 FR 4513, Feb. 5, 1992, as amended at 60 FR 67405, Dec. 29, 1995; 64 FR 33178, June 22, 1999]

§ 1710.251 Construction work plans—distribution borrowers.

(a) All distribution borrowers must maintain a current CWP approved by their board of directors covering all new construction, improvements, replacements, and retirements of distribution and transmission plant, and improvements replacements, and retirements of any generation plant. Construction of new generation capacity need not be included in a CWP but must be specified and supported by specific engineering and cost studies. (See § 1710.253.)

(b) A distribution borrower's CWP shall cover a construction period of between 2 and 4 years, and include all facilities to be constructed which are eligible for RUS financing, whether or not RUS financial assistance will be sought or be available for certain facilities.

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Any RUS financing provided for the facilities will be limited to a 4 year loan period. The construction period covered by a CWP in support of a loan application shall not be shorter than the loan period requested for financing of the facilities.

(c) The facilities, equipment and other items included in a distribution borrower's CWP may include:

(1) Line extensions required to connect consumers, improve service reliability or improve voltage conditions;

(2) Distribution tie lines to improve reliability of service and voltage regulation;

(3) Line conversions and changes required to improve existing services or provide additional capacity for new consumers;

(4) New substation facilities or additions to existing substations;

(5) Transmission and substation facilities required to support the distribution system;

(6) Distribution equipment required to serve new consumers or to provide adequate and dependable service to existing consumers, including replacement of existing plant facilities;

(7) Residential security lights;

(8) Communications equipment and meters;

(9) Headquarters facilities;

(10) Improvements, replacements, and retirements of generation facilities;

(11) Load management equipment, automatic sectionalizing facilities, and centralized System Control and Data Acquisition equipment. Load management equipment eligible for financing, including the related costs of installation, is limited to capital equipment designed to influence the time and manner of consumer use of electricity, which includes peak clipping and load shifting. To be eligible for financing, such equipment must be owned by the borrower, although it may be located inside or outside a consumer's premises; and

(12) The cost of engineering, architectural, environmental and other studies and plans needed to support the construction of facilities, when such cost

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is capitalized as part of the cost of the facilities.

[57 FR 1053, Jan. 9, 1992; 57 FR 4513, Feb. 5, 1992, as amended at 60 FR 3731, Jan. 19, 1995; 60 FR 67405, Dec. 29, 1995]

§ 1710.252 Construction work plans—power supply borrowers.

(a) All power supply borrowers must maintain a current CWP approved by the borrower's board of directors covering all new construction, improvements, replacements, and retirements of distribution and transmission plant, and improvements, replacements, and retirements of generation plant. Applications for RUS financial assistance for such facilities must be supported by a current, RUS-approved CWP. Construction of new generation capacity need not be included in a CWP but must be specified and supported by specific engineering and cost studies.

(b) Normally a power supply borrower's CWP shall cover a period of 3 to 4 years. While comprehensive CWP's are desired, if there are extenuating circumstances RUS may accept a single-purpose transmission or generation CWP in support of a loan application or budget reclassification. The construction period covered by a CWP in support of a loan application shall not be shorter than the loan period requested for financing of the facilities.

(c) Facilities, equipment, and other items included in a power supply borrower's CWP may include:

(1) Distribution and related facilities as set forth in § 1710.251(c);

(2) Transmission facilities required to deliver the power needed to serve the existing and planned new loads of the borrower and its members, and to improve service reliability, including tie lines for improved reliability of service, line conversions, improvements and replacements, new substations and substation improvements and replacements, and Systems Control and Data Acquisition equipment, including communications, dispatching and sectionalizing equipment, and load management equipment;

(3) The borrower's proportionate share of transmission facilities required to tie together the operating systems of supporting power pools and